



Action Plan 2006

**LOUISIANA ECONOMIC DEVELOPMENT
COUNCIL**



Action Plan 2006

Recommendations

Submitted by:
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LAEDC

Louisiana Economic Development Council

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Action Plan 2006

Introduction

Action Plan 2006 is the seventh annual report of the Louisiana Economic Development Council to the Governor and the Legislature. As in previous years, it is focused on implementing recommendations to move the state toward *Vision 2020's* goals, but unlike previous years, and as a result of hurricanes Katrina and Rita, it is also focused on recovery and rebuilding our state.

Louisiana: Vision 2020, Master Plan for Economic Development is a challenge to create a new and better Louisiana and a guide to economic renewal and diversification. The Louisiana Economic Development Council developed the goals, objectives, and benchmarks articulated in *Louisiana: Vision 2020* to position the State to have a vibrant, balanced economy; a fully-engaged, well-educated workforce; and a quality of life that places it among the top ten states in the nation in which to live, work, visit, and do business. Now more than ever we must use it as our guide for building and in some areas rebuilding a better Louisiana.

This seventh annual action plan presents the Council's recommendations for action for the coming year, including the strategies for accomplishing them. The Council also monitors the 100+ benchmarks the Council uses to measure progress toward our *Vision 2020* goals. The benchmarks are available on the Web at <http://vision2020.louisiana.gov>.

The Louisiana Economic Development Council facilitates and monitors a process – a process that is focused on a long-term vision as well as short-term operational objectives and action steps to put Louisiana on track to be a top-10 state in which to live, work, visit, and do business. As a result of hurricanes Katrina and Rita, our state is facing many issues that are different from last year. To address these issues, a number of recovery-related recommendations have been added. However, much of the state remains intact. **Louisiana must focus on the needs of the severely impacted areas, while working to continue to develop and grow other regions of the state.**

The Challenge

To become “a top ten state,” Louisiana must improve its economy's capacity to generate wealth and create good jobs. Wealth is generated and a region's standard of living improves when the region's firms sell outside their region, thereby bringing wealth back into the region, and are competitive globally. To be competitive globally, firms must constantly innovate and move quickly to market. They must be able to compete successfully in higher value added markets. Government can affect the climate in which they do business.

As a result of the hurricanes, Louisiana has new, additional challenges ahead. Some areas are challenged by great destruction; others by increases in population that have put pressure on local services and created new issues with which they must deal. However, **we must continue to focus on increasing our economy's capacity to generate wealth and create good jobs, as that is crucial for recovery and for building a better Louisiana.**

Louisiana's challenge is to implement strategies that will facilitate the development of a higher value-added economy, thereby increasing jobs, incomes, and wealth for Louisiana residents. Many new efforts have been underway in areas such as education, job training, investments in key inputs needed to grow our economy, infrastructure, health care, and economic development. These efforts must continue and be strengthened while we also modify approaches to deal with the new realities faced throughout the state. Louisiana is starting to show progress, as evidenced by some new rankings.

Louisiana's Progress

Louisiana: Vision 2020, published in 1999, was the beginning of a statewide, focused effort to move Louisiana to a Top 10 state in which to live, work, visit, and do business. Since that time, the state has made substantial investments in infrastructure to build capacity for future economic growth and taken steps to improve the state's business climate.

In addition to investments in infrastructure, the state has been investing in research and development; education and training, including upgrading skill levels by revitalizing the state's community and technical colleges, creating the nation's largest Incumbent Worker Training Program (IWTP) and other workforce programs; and creating new programs to help prepare people to move off welfare.

Some Rankings Improving

Although some rankings still show Louisiana near the bottom, recent rankings show great improvement.

- *Education Week's* Quality Counts 2006 report recently ranked Louisiana **1st** in the nation in the Improving Teacher Quality category and **1st** for its initiatives to improve school and student performance – the Standards and Accountability category.
- Louisiana ranks **9th** in the country for the number of teachers receiving national certification in 2005, and **14th** for overall number of nationally certified teachers (National Board for Professional Teaching Standards, November 2005).
- Louisiana ranks **8th** in the nation for Industrial Project Development with \$6.37 billion in total investment value in 242 projects. The analysis is based on projects scheduled to begin construction in 2006 (Industrialinfo.com, February 2006).
- Each year, *Site Selection* magazine publishes State Business Climate Rankings for the top 25 states. The 2005 survey ranks Louisiana 17th, up from 20th in 2004.

These rankings indicate progress; however, much remains to be done.

A Key Economic Indicator: Per Capita Income

Per capita income is a general measure of prosperity. The Louisiana Economic Development Council has consistently tracked per capita income as a percent of the national average to provide an indication of how Louisiana is progressing relative to the rest of the country. Although the hurricanes may have caused changes that may impact this measure in the future, the numbers for 2004 (in Table 1) show that Louisiana's per capita income as a percent of U.S. per capita income remained low in 2004. Per capita income as a percent of the national average fell slightly from 82.8 percent in 2003 to 82.4 percent in 2004. Again, these are pre-storms figures that indicate that Louisiana has not been progressing relative to other states.

Table 1
Per Capita Personal Income

	1990	1995	2000	2001	2002	2003	2004
Louisiana Per Capita Personal Income	\$15,173	\$19,077	\$23,080	\$24,733	\$25,307	\$26,038	\$27,219
Louisiana Per Capita Personal Income (as a percent of the U.S.)	78%	83%	77%	81%	82%	82.8%	82.4%

Source: U. S. Department of Commerce, Bureau of Economic Analysis (BEA), Regional Economic Accounts.

Issues: Average Wages & Poverty

Per capita income well below the national average is the result of low average wages and a higher than average percentage of our citizens living below the poverty level, thus contributing little to our economy. Average wages in Louisiana are low relative to the rest of the country. In 2002 (the most recent data available), Louisiana's average annual wage -- \$30,115 -- was about 82 percent of the national average of \$36,764.

In addition, our poverty rate remains one of the highest in the country at 16.7 percent (2004, according to the U.S. Census Bureau, Current Population Survey). Prior to the hurricanes, Louisiana ranked 47th among the states in the percentage of the population living below the poverty level, up from 46th in 2003.

The numbers above show that in 2002 both per capita income and average annual wages in Louisiana were about 82 percent of the national average. To reach and exceed the national average income, the state must strive to increase wages at all levels. It must also increase the number of people working and decrease the number of underemployed.

While these income and poverty numbers may now be changing, the 2002-2004 numbers clearly show that prior to the storms, Louisiana residents' incomes and wages have not been approaching the national average. The state has an opportunity -- and an obligation -- now, with many displaced by the storms, to work hard to get those returning into appropriate adult education and/or training programs, and jobs with career paths that give them hope to increase their quality of life and move ahead in the future.

Technology Jobs Pay Higher Wages

Jobs in technology-intensive industries provide a vehicle for increasing wages and per capita incomes – to increase wealth in the state. Nationwide, wages for technology jobs are substantially higher than overall average wages. In 2004, information technology average wages (\$72,400) were 85 percent higher than the overall average wage (\$39,100). While these statistics are for the information technology sector, the oil and gas, biotechnology, and petrochemical industries are very technology-intensive industries that also pay higher than average wages.

In 2004, Louisiana's average annual information technology wages (\$49,833) were about 57 percent greater than Louisiana's overall average wage (\$31,722) – an indication of the significance of growing jobs in technology-intensive companies. Statistics on information technology wages and employment are published in *Cyberstates 2005* by the American Electronics Association.

The Environment Needed for High Paying Jobs

A number of groups, both private and public, have been studying the U.S. economy, changes taking place in the last few years, and factors that appear to be key to successful growth and development. The U.S. Department of Commerce, Office of Technology Policy, and the Milken Institute published reports in 2004 outlining factors important for increasing incomes and creating wealth. These reports also use published data to inventory assets and benchmark the 50 states' progress toward creating the infrastructure needed for technology-based economic development.

Factors Important for a Technology-Based Economy

The U.S. Department of Commerce, Office of Technology Policy published the fourth edition of a report designed to present current information about each states' science and technology infrastructure. Research has shown that "certain enabling conditions" are important for technology-based economic development.

The Dynamics of Technology-Based Economic Development: State Science & Technology Indicators, Fourth Edition, March 2004, presents data on 38 indicators in 5 key areas – three related to infrastructure (funding in-flows, human resources, and capital investment & business assistance) and two related to outcomes (technology-intensity of the business base and other outcome measures). As shown in Table 2, these metrics indicate that Louisiana has a long way to go in many measures considered important for technology-based economic development.

While Louisiana ranks relatively high in two of these indicators -- percentage of bachelor's degrees in science & engineering and business incubators per 10,000 businesses, the state ranks poorly in most of the other indicators considered important for states trying to create high wage jobs.

Education and skill levels of the workforce may be the most important factor for increasing average wages and per capita income. Although Louisiana is making progress, in the area of human resources the state still has a long way to go. Louisiana ranks 48th in the percentage of the population over age 25 that has completed high school. This is a critical figure, since it is becoming increasingly difficult for anyone to earn wages that can keep them above the poverty level without a high school degree or GED.

Louisiana ranks 45th in the number of associate degrees granted as a percentage of 18-24 year olds in the state (2000-2001). Projections for 2020 indicate that 65 percent of all jobs will require a 2-year associate degree or advanced training (and an additional 20 percent will require a 4-year degree or more). Louisiana must work to match our associate degree programs with existing and potential high quality jobs – to meet the needs of our businesses -- and educate parents and students about the opportunities for employment with these degrees.

Table 2
Factors Important for Technology-Based Economic Development

<u>Category</u>	<u>Louisiana's Rank</u>
<u>Funding in-flows:</u>	
Total R&D expenditures per \$1,000 of GSP (2001)	49
Industry	48
University	33
Federal	32
SBIR - average annual award dollars per \$1,000 of GSP (2000-2002)	50
<u>Human resources:</u>	
NAEP Math test scores (2000)	38
Percentage of population that has completed high school (2002)	48
Associate's degrees granted (% 18-24 year old population, 2000-01)	45
Percent of population with Bachelor's degrees (25 yrs or older, 2002)	41
Percent of bachelor's degrees in science & engineering (2000-01)	10
Engineers per 10,000 workers (2001)	32
<u>Capital investment & business assistance:</u>	
Amount of venture capital funds invested per \$1,000 of GSP (2000)	36
Number of business incubators per 10,000 business establishments (2001)	9
IPO - Average amount raised per \$1,000 of GSP (2000-2002)	27
<u>Technology intensity of the business base:</u>	
Percent of employment in high-tech NAICS codes (2000)	42
Percent of payroll in high-tech NAICS codes (2000)	37
Net-high tech business formations (2000)	43
<u>Outcome measures:</u>	
Average annual pay per worker (2001)	37
Percent of population living above poverty (1999-2002)	49
Percent of working age population in the labor force (2000)	49
Per capital income (2003)	43

Source: *The Dynamics of Technology-Based Economic Development, State Science & Technology Indicators*, U.S. Department of Commerce, Office of Technology Policy, Fourth Edition, March 2004. Available at http://www.technology.gov/p_Reports.htm.

In addition to improving the quality of the workforce, support for innovation must increase. Numerous studies have shown that research and development (R&D) leads to innovations. Some of those innovations can be commercialized, creating new jobs, new companies, and increased incomes and wealth.

In 2001, Louisiana ranked 49th among the states in R&D expenditures per \$1,000 of Gross State Product (GSP). Most concerning is the state's rank of 48 in industrial R&D, as industrial R&D is typically the closest to market, so the impacts on incomes and wealth are felt more quickly.

States across the country, including Louisiana, are developing strategies to increase the amount of industrial, university, and federal R&D in an effort to boost innovation. Louisiana has invested substantial amounts in R&D and R&D infrastructure in the last few years. The state must continue to invest, as well as devise other strategies to encourage increased R&D and commercialization of that R&D, in order to stimulate innovation, create new, high quality jobs, and increase incomes and wealth.

Another important factor for new and growing companies is capital. In 2000, Louisiana ranked 36th in the amount of venture capital funds invested per \$1,000 of GSP. Louisiana has been particularly short on capital for early stage companies. In 2004, three companies that invest in early stage companies began operations (Louisiana Fund 1, Louisiana Ventures, LLC, and the Louisiana Technology Fund), and an angel capital network was launched. In 2005, an Angel Investor Tax Credit was passed to provide tax incentives for angel investors. While these funds, the angel network, and the tax credits should begin to provide better options for capital for young companies, Louisiana must continue to work to increase the availability of capital for companies.

These and other factors, such as the percentage of the working age population in the labor force (for which Louisiana ranks 49th), have an impact on incomes and wealth. Louisiana must strive to improve in all these measures in order to improve the quality of life for our citizens.

Government's Role

A state's role is to implement strategies that will build a higher value-added economy, thereby increasing incomes and wealth. These strategies revolve around creating the infrastructure firms need to increase their capacity to innovate and move quickly to market.

Education and workforce training remain a key. The U.S. Department of Commerce and Milken Institute reports show that in spite of some improvements, Louisiana still ranks relatively low on important education and workforce training measures. This information indicates that the state needs a strong focus on strategies that will improve our workforce.

In addition to education and training, the infrastructure and key inputs states need to provide to meet the needs of companies have expanded. They now include access to cost-effective broadband communications; increased research and development by academia and the private sector; easy access to know-how, knowledge, and technologies developed in our universities; venture and seed capital; and entrepreneurial training.

The Louisiana Economic Development Council, through *Vision 2020* and the annual action plans focusing on implementation, is working to improve the state's capacity in many areas. Louisiana Economic Development serves as the lead agency for many of the state's efforts, but it cannot and should not be considered the only agency responsible for economic development. Now more than ever before, improving, restoring, and rebuilding a new and better Louisiana requires efforts of all Louisianians, all state agencies, and all postsecondary education institutions.

Action Plan 2005 Outcomes

In last year's action plan, *Action Plan 2005*, the Council made 43 recommendations. Significant accomplishments have been made related to the Council's recommendations, including business incentives, tax credits to encourage specific industries, initiatives to support technology development, and workforce training.

- ***Accomplishments in 2005 Legislative Session:***

Accomplishments include:

- **Louisiana Headquarters and Growth Act**, which changed several provisions to make Louisiana a better place for company headquarters, including eliminating taxes on interest and dividends for companies locating headquarters in Louisiana and aligning with other states related to apportioning income from capital gains.
- **Angel Investor Tax Credit Program**, which provides for qualifying individuals or entities that invest in "Louisiana Entrepreneurial Businesses" (defined as a business which is domiciled in the state, employs 50 or fewer full-time employees, and either has gross annual sales of less than \$10 million or has a business net worth of less than \$2 million) may earn credits against any income or franchise tax liability.
- **Motion Picture Tax Credit** revised the existing law to limit investor tax credits to a percentage of **in-state** expenditures, rather than a broader definition in the previous version. The new law also clarifies the definition of production expenditures.
- **Digital Interactive Media Act**: Provides a tax credit against state income tax for productions certified by Louisiana Economic Development willing to commit to maintaining operations in the state. For projects certified prior to 2010, income tax credits can be earned at the rate of 20 percent of Louisiana investment for the first two years, with tax credits decreasing in later years. Credits can be sold to Louisiana taxpayers and can carry forward for 10 years but no taxpayer may claim more credits than their tax liability for any year.
- **Sound Recording Investor Tax Credits**, which are investor tax credits against individual or corporate income taxes for investments made in state certified productions. State certified productions are defined by the law and must be approved by the Louisiana Music Commission and Louisiana Economic Development.
- **Research & Development Tax Credit Act**, increases the R&D tax credit for companies with fewer than 500 employees who are Louisiana residents from 8 percent to 20 percent on costs associated with research and development activities in accordance with Federal IRS deductions.
- **Tax Equalization Act** expands the existing tax equalization provisions that allow for state and local taxes to be reduced to the levels imposed by other states for **new** manufacturing plants, warehousing/distribution, or corporate headquarters to

include **existing** manufacturing plants, warehousing/distribution, or corporate headquarters to remain in Louisiana.

- **Tourism**, which allows for up to 10 percent of the funds spent on marketing to be spent for in-state marketing. Prior to this change, all tourism marketing funds were required to be spent for out-of-state marketing.
- **Governor's Rapid Response Fund**, which is used to develop public infrastructure needed by businesses -- to attract businesses to Louisiana from other states and encourage expansions of companies already in the state. This fund received an additional \$10 million in funding during the 2004 Regular Session. After Katrina and Rita, this fund was used to provide bridge loans through local banks to companies in the damaged areas.

- **Technology Initiatives**

Several biosciences and information technology infrastructure and R&D initiatives intended to increase innovation and technology commercialization remain underway or have recently been completed. These initiatives are outlined below.

- **Acadiana Technology Immersion Center (ATIC)** is a center that will have state of the art visualization technology for use by university researchers and companies. It is a joint project of the Lafayette Economic Development Authority (LEDA) and the University of Louisiana - Lafayette. The Legislature appropriated \$7.5 million in capital outlay funds for this project in the 2005 Regular Session. The technology will allow researchers and companies to visualize data in three dimensions, which can provide information and insights not available with two-dimensional imaging. The visualization technology in this center is available in only six other places in the country, and none of those are available to both university researchers and companies. Originally conceived as a center to support the oil and gas industry, the center can also benefit other industries, including medicine, design, engineering and information technology. It will be connected to the LONI network and through LONI to the National LambdaRail, which will allow the transfer of very large amounts of data to and from other universities and companies.
- **The Louisiana Optical Network Initiative (LONI)** is a statewide optical fiber network that will link the state's research universities to the National LambdaRail. . The project received about \$4 million as part of a commitment of \$40 million over 10 years. LONI, along with the National LambdaRail, will allow Louisiana universities to create and participate in research and development projects that they would not be able to accomplish without these telecommunications assets.

LONI has made substantial progress toward building out the infrastructure to complete connections to the state's research universities. The LONI team has secured and programmed five P-5 parallel processing platforms that will provide the high power computers the universities need to optimally use LONI. These computers are now active at LSU in Baton Rouge and at Louisiana Tech in Ruston. Tulane's system will be active by March 20th, and installations at Southern University in Baton Rouge and the University of Louisiana – Lafayette will follow,

with all online within six months. There will also be nodes at the LSU Health Science Centers in New Orleans and Shreveport. LONI will be accessible for research and development by companies doing research at one of the linked universities.

- The **National LambdaRail** (NLR) is a communications network that will link the country's most powerful computers into an advanced network for research and technology development. Louisiana's research universities have committed \$1 million a year for five years to help route this network through our state, instead of bypassing Louisiana as originally planned. The LambdaRail has significant implications for economic development, as it gives Louisiana an opportunity to become a major player in high-performance computing and network technology. The NLR is now active in Baton Rouge and LONI linked universities will have access as they come online.
- **Statewide Wet Lab Incubator Infrastructure.** In the 2005 legislative session, the Legislature passed an additional investment for the three 60,000-square-foot wet labs in Shreveport, Baton Rouge, and New Orleans. The wet lab incubators in Shreveport and Baton Rouge opened in the fall of 2005. Funding for the wet labs remains a priority for the Economic Development Council, and is included as a recommendation in *Action Plan 2005*, as the Council believes the state must continue to invest in the infrastructure needed to grow and attract high wage, high growth companies.
- **Louisiana Gene Therapy Consortium** is a collaborative effort between Tulane University and LSU Health Sciences Center - Shreveport and New Orleans. These institutions conduct research through the Louisiana Gene Therapy Consortium (LGTRC), a cooperative endeavor between institutions of higher education in the state to 1) increase gene therapy research, 2) increase jobs and training in biotechnology, and 3) educate the public in genetics and gene therapy. In 2004-05, the LGTRC received \$3.1 million from the Board of Regents for operational expenses at three member institutions for recruitment and other purposes. In addition, it received \$1.94 million for operational expenses for the Good Manufacturing Practices (GMP) facility through Louisiana Economic Development. These costs are associated with ramping up for the clinical manufacturing facility. The Consortium also received \$200,000 in capital outlay for the Shreveport program to buy new equipment for a new researcher.

- ***Workforce Training***

The Louisiana Task Force on Workforce Competitiveness, created by Executive Order in January 2005 to develop recommendations to make Louisiana's workforce training systems more responsive to the needs of companies, met regularly throughout the year to learn the workforce system and make recommendations to improve it. Final recommendations were sent to the Governor in March 2006 in the hope that these recommendations will serve as the basis for legislation and policy changes to improve the system.

The Incumbent Worker Training Program was again funded at \$50 million for the year, and funding was provided aimed at increasing the supply of healthcare workers.

- Health Care Workforce shortage was addressed by the Legislature through a \$3 million appropriation. These funds are being used to address the shortage of nursing and allied health professionals in Louisiana.

Council Work For The Year

The Council's master plan for economic development, *Louisiana: Vision 2020* was originally published in 1999. Since that time, six annual action plans and an update of the original *Louisiana: Vision 2020*, known as *Louisiana: Vision 2020, 2003 Update*, have been published. These documents are available electronically at <http://vision2020.louisiana.gov> and through the Department of Economic Development's website, www.led.state.la.us.

This seventh annual action plan, *Action Plan 2006*, is the culmination of the work of the Council for fiscal year 2005-06. As in previous annual reports, this document sets forth the Council's recommendations for implementation during the coming year. The 100+ benchmarks the Council uses to measure progress toward our *Vision 2020* goals are available on the Web at <http://vision2020.louisiana.gov>. Accountability is a vital part of the *Vision 2020* process.

The Economic Development Council normally accomplishes much of its work through its task forces; however, for *Action Plan 2006*, the Council worked on recommendations as a committee of the whole. The Council had planned to work on revamping the task forces, but delays in new appointments and hurricanes Katrina and Rita led to delays in the planning process. The Council plans to return to the process of using task forces to develop recommendations in the coming year.

The Council's task forces examine issues within their areas of responsibility, monitor benchmarks, and propose recommendations and strategies for implementation each year. The appropriate implementing agency develops the action plans for each strategy. The task forces presented the recommendations to the full Council for the determination of the priorities for the upcoming Action Plan. The nine task forces for which we now have members are:

- **Agribusiness**
- **Culture, Recreation, and Tourism**
- **Education/Workforce Development**
- **Energy & Basic Industries**
- **Environment**
- **Finance and Capital**
- **Infrastructure**
- **Science & Technology/Diversification**
- **Tax, Revenue, Programs & Incentives**

Two additional task forces are being added as a result of legislation passed in the 2004 Regular Session. The Small Business Entrepreneurship Commission and the Commission on Women's Policy and Research will serve as these task forces.

Action Items for 2006 Legislative Session

1. Extend the sunset date for the Louisiana Economic Development Council to June 30, 2011.
2. Reorganize delivery of workforce training services along the lines of the recommendations of the Task Force on Workforce Competitiveness (Recommendation 2).
3. Fund LED's request for a matching marketing fund for regional marketing (Recommendation 18).
4. Allocate CDBG funds along the lines of LED's request, as generally outlined in Recommendation 19 of *Action Plan 2006*.
5. Staff the Broadband Advisory Council with resources to succeed or relocate it to an agency with staff (Recommendation 22).
6. Create a Tax Competitiveness Task Force with tax experts, legislators, economic developers and business leaders to study and make recommendations for policy changes to be introduced in the 2007 Fiscal Session.
7. Require community and technical colleges to offer evening, weekend, and compressed courses to meet the needs of working students, businesses, and parents (Recommendation 3).
8. Fund infrastructure needed for technology-based economic development (Recommendation 16), including:
 - Expand the Louisiana Optical Network Initiative (LONI) to all research universities and provide ways for companies to access LONI.
 - Maintain operational funding for the Louisiana Immersion Technology Enterprise (LITE)
 - Maintain capital funding for the New Orleans life sciences incubator and support the startup operations of the life sciences incubators in Shreveport and Baton Rouge, including additional funding for basic laboratory equipment.
9. Maintain or increase funding for pre-kindergarten programs (Recommendation 5).
10. Support a resolution to study best practices for programs that provide access to more affordable health insurance for small businesses (Recommendation 14).
11. Solve the problem of legacy lawsuits that serve as a disincentive for companies to locate in Louisiana (Recommendation 12).
12. Support a resolution to require a study of the intended and unintended impacts of the Gulf Opportunity Zone legislation on both GO Zone and non-GO Zone parishes (Recommendation 13).
13. Change the number of members needed for a quorum for the Louisiana Economic Development Council to a majority of those appointed.

Council Recommendations

Action Plan 2006 contains 31 recommendations for action in the coming year. The recommendations focus on a broad range of issues important for economic development recovery, rebuilding, and growth. The numbering is for reference only and *does not* signify priorities.

The recommendations are divided into categories that generally describe areas the Council believes are important for economic development. Categories include:

- A. Marketing
- B. Workforce Training
- C. Education
- D. Business Climate
- E. Research & Commercialization
- F. Restoration & Capacity Building

A. Marketing:

The Marketing category includes one recommendation that focuses improving investor confidence by marketing to businesses. Marketing is even more critical this year, as countering negative perceptions about Louisiana as a place to do business is critical to recovery and rebuilding of the damaged areas of our state, as well as progress in the impacted, but less damaged, areas.

1. Public Relations Campaign to Improve Investor Confidence

Develop and fund a marketing and public relations campaign for Louisiana targeted to businesses.

- Develop, with the assistance of marketing and public relations professionals, a marketing and public relations campaign that focuses on conveying to businesses outside Louisiana that Louisiana is open for business and the benefits of doing business in Louisiana.
- Provide increased funding for this marketing and public relations campaign.

B. Workforce Training:

The Workforce Training category includes three broad recommendations that focus on how Louisiana delivers workforce training services and encourages ongoing training. Since the hurricanes, workforce training is more important than ever, as high demand occupations have changed somewhat in the impacted areas. The Governor's Task Force on Workforce Competitiveness has recently issued its recommendations for changes to the state's workforce system governance and programs, and these recommendations are included.

Across the state, skills and capabilities of the workforce are key elements for companies seeking to start, remain in, expand, and relocate to Louisiana. Improving workforce training must remain an important focus for Louisiana.

2. Training Focused on Company Needs

Make workforce training programs and funds responsive to the needs of companies and the skills needs of emerging technology companies.

- Adopt the recommendations of the Task Force on Workforce Competitiveness, including:
 - Create a Louisiana Workforce Development Board that will replace the current Louisiana Workforce Commission. This entity will also serve as the Louisiana Workforce and Adult Learning Policy Board as outlined in the recommendations of the Adult Learning Task Force. This Board should direct the state's workforce development system.
 - Create a Louisiana State Workforce Investment Board, which will be composed of the members of the Louisiana Workforce Development Board and additional members as specified by the Federal Workforce Investment Act, the Secretary of the Department of Social Services and the Director of the Louisiana Rehabilitation Services. The State WIB will have oversight of all workforce education and training programs as currently designated in Act 1 and will implement the directives of the Board in relation to all workforce education and training programs.
 - Establish a strategic investment fund under the authority of the Workforce Investment Board to leverage change throughout the system.
 - Streamline the delivery of workforce services to employers by encouraging collaboration that integrates the operations of workforce investment boards serving the same labor market area throughout the state.
 - Designate a single institution offering comprehensive community college services including technical education and workforce training in each labor market in the state to serve as the coordinator for all relevant postsecondary education.
 - Establish the Louisiana Community and Technical College System (LCTCS) as the state entity responsible for the design and delivery of market responsive training and

- related employer workforce services. Co-locate “One-Stop Career Centers” on LCTCS sites to provide all comprehensive services to job seekers, workers, and students enrolled in workforce education and training programs.
- Implement regional sector training initiatives in demand occupations. Training initiatives should be modeled after the regional sector training initiative now underway for the shipbuilding industry in New Orleans.
 - Assess existing programs/initiatives that gather information on workforce needs, and identify and fund an entity to gather and analyze current data from companies to assess their workforce needs.
 - Develop and fund an initiative to anticipate needs of emerging technology companies and begin to address those needs.
 - Expand offerings of associate degree programs and industry certifications in identified and/or emerging occupations in demand.
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3. Lifelong Learning

Increase the proportion of Louisiana citizens with access to education, training, and retraining throughout their work lives, including basic skills, soft skills, and/or technical skills upgrade.

- Require community and technical colleges to offer evening, weekend, and compressed courses to meet the needs of working students, businesses, and parents.
 - Adopt the recommendations of the Adult Learning Task Force.
 - Aggressively market certifications and associate degrees to high school students, parents, and adults, educating them regarding job possibilities, earning potential, and career paths.
 - Incorporate entrepreneurship training and concepts at every level of the education/training pipeline, from elementary school through two- and four-year colleges, including the newly developed high school entrepreneurship curriculum developed by the Department of Education.
 - Provide Federal and/or state funds to increase access to affordable childcare, transportation, and counseling to support education, training, and employment.
 - Provide incentives to all Louisiana citizens to encourage continued education, training, and retraining at all levels from basic skills through GED, technical training, and degree programs.
 - Develop Lifelong Learning Loans with special low interest rates, long maturities, and deferred payments.
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4. Training Fund for Under-employed, Unemployed, and Transitioning Workers

Establish a fund to support training of unemployed and underemployed workers and workers seeking to embark on a new career -- to meet the training needs of new and expanding companies.

- Create a fund to fill the gap in funds for training unemployed and underemployed workers to meet the employment needs of new and expanding companies.
- Provide stipends or low-interest loans to allow people in transition to embark on a new career.

C. Education:

High quality education is required for Louisiana to develop a 21st century workforce, and on-going education is required to meet today's workforce needs. *Vision 2020* challenges Louisiana to be a "Learning Enterprise, an entity that values knowledge and treats the pursuit and utilization of that knowledge as its most important business." The three recommendations included in this category relate to improving educational outcomes for all Louisiana students from pre-kindergarten through postsecondary education.

5. Pre-Kindergarten

Permanently fund universal pre-kindergarten education programs, beginning with at-risk children, to increase their competency levels in motor, social and appropriate cognitive skills.

- Continue to seek state, federal, and interagency funds in order to provide universal access to high-quality early childhood education for all at-risk four year olds.

6. K-12 Achievement and Funding

Maintain and strengthen the K-12 School and District Accountability Program to create more effective schools and teaching that improve student academic achievement and close the achievement gap, and provide the funding needed to achieve the academic goals and life skills training needed for a quality education system.

- Maintain or expand and fund programs to support School and District Accountability and close the achievement gap.
- Continue to maintain or expand funding for School and District Accountability, Distinguished Educators, teacher quality, enhanced student assessment, remediation, Learning Intensive Networking, Louisiana Educational Accountability Data System (LEADS), Teacher Assistance and Assessment, K-3 Reading and Math, School Leadership Development, and Classroom-Based Technology.
- Adopt the recommendations of the High School Redesign Commission.
- Increase professional development for teachers and administrators.
- Increase leadership training at all levels.
- Research best practices and design programs to implement high school redesign.
- Increase the number of technical training options available to high school students.
- Research best practices and design programs to decrease the number of dropouts.
- Link teacher pay to classroom performance and skills.

- Support secondary programs linked to top demand occupations.
- Increase the number of Advanced Placement classes in high schools, incorporating distance learning technology where appropriate.

7. Postsecondary Education and Funding

Increase the number of students completing postsecondary education programs and increase postsecondary education funding to ensure excellence in the classrooms and research leadership.

- Examine possible funding mechanisms for increasing access to postsecondary education for working adults and undereducated and out-of-school youth.
 - Support and encourage articulation between secondary systems and postsecondary institutions, and implement and fund dual enrollment/dual credit opportunities for all high school students (e.g., students attending both high school and taking college courses at any public postsecondary institutions including community and technical colleges).
 - Increase the number of associate degrees and certifications.
 - Maximize enrollment levels and retention efforts at all institutions based on role, scope, and mission.
 - Improve graduation rates.
 - Continue to target R&D funding to fields that can support knowledge-based industries/companies.
 - Implement statewide strategies to respond to the needs of students impacted by the hurricanes of fall 2005.
 - Investigate ways to address need-based aid for postsecondary students.
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D. Business Climate:

A good business climate is an environment that encourages companies to start, expand, remain, or relocate within a state. Each year, *Site Selection* magazine publishes State Business Climate Rankings for the top 25 states. The 2005 survey ranks Louisiana 17th, which is slightly better than 20th in 2004. This improvement is good news for Louisiana, although much remains to be done.

Business friendly taxes and incentives are important for a good business climate. Equity and debt capital are also essential for companies and particularly critical for growth of emerging technology companies. The Council has included seven recommendations related to the state's business climate in *Action Plan 2006*. These recommendations will help the state grow and attract businesses, both in the hurricane-damaged areas and throughout the remainder of the state.

8. Business Incentives

Increase information on incentives, increase the efficiency of incentive programs, and continue to evaluate incentive programs and needs.

- Market the incentives provided by the Gulf Opportunity Zone legislation.
- Market the benefits of corporate income tax changes related to the single sales factor apportionment formula and the increased benefits of the research & development tax credit to businesses within and outside of Louisiana.
- Convene a Louisiana Economic Development Council working group, an ad hoc group of economic development and incentive professionals, to assess incentives and obstacles that impact economic development, and make recommendations for improvements.
- Improve the efficiency of economic development incentive programs by consolidating incentive databases, reviewing internal handling of incentive-related requests, and analyzing opportunities to streamline the handling of applications and information.

9. Fair, Balanced, and Competitive Tax System

Update the tax code using a blend of sales, income, and property taxes to provide a fair and balanced system that is competitive with other states.

- Create a Tax Competitiveness Task Force with tax experts, legislators, economic developers and business leaders to study and make recommendations for policy changes to be introduced in the 2007 Fiscal Session.
 - Compare Louisiana's system against those of other competitive states.
 - Develop tax reform proposals for consideration in the 2007 Regular Legislative Session.
- Continue to improve the implementation of fair and equitable property tax assessments.

- Consider alternatives that would result in fair and appropriate methods of financing local economic development projects.
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10. Seed, Early Stage & Growth Capital

Increase the amount of seed, early stage, and growth capital available to support Louisiana companies.

- Expand the Angel Investor Tax Credit to encourage more angel capital investments.
 - Invest funds to attract and grow new, professionally-managed venture funds in Louisiana by authorizing the issuance of contingent tax credits similar to the successful program enacted in Oklahoma.
 - Promote links between investors and companies needing investment, and connect this effort to the state and regional entrepreneurship development network.
 - Once reasonable data are available, review the effectiveness of the Angel Investor Tax Credit for possible improvements and modifications.
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11. Federal Funds for Economic Development

Increase the Use of Federal Funds Available for Louisiana's Communities, Regions, and Initiatives

- Provide information to regions and communities through economic development professionals and business resources, such as banks and banking and accounting associations, on programs and grants that can provide funding for infrastructure and economic development.
 - Determine the structures needed to apply for many of these grants and recommend ways to develop those structures in regions and communities.
 - Develop a plan for building capacity for accessing federal grants in regions and communities.
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12. Legal Reform

Develop recommendations for legal reforms related to class action litigation and excessive, non-compensatory damages and punitive awards in litigation.

- Charge the Secretary of Economic Development with gathering input from the private sector on the litigation issues of concern to business and potential solutions.
 - Propose solutions, including legislation, to remedy these problems.
 - Solve the problem of legacy lawsuits, which serve as a disincentive for companies to locate in Louisiana.
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13. Monitor Impact of Gulf Opportunity Zone Incentives

Support a resolution to require a study of the impact of the Gulf Opportunity Zone legislation on both GO Zone and non-GO Zone parishes.

- Contract with an economist or firm to monitor the impact of Gulf Opportunity Zone incentives to evaluate whether there are unintended consequences for business retention, expansion, and recruitment.
- Contractor should develop a report that includes recommendations for changes, if appropriate.

14. Health Care

Improve the availability and affordability of quality health care.

- Support the Public Health and Health Care Task Force of the Louisiana Recovery Authority in leading the redesign and reconstruction of the health care infrastructure in the areas damaged by Hurricanes Katrina and Rita.
- Support proposals by the Governor's Health Care Reform Panel to make health insurance more accessible to employers and uninsured employees.
- Support a resolution to study best practices for programs that provide access to more affordable health insurance for small businesses.
- Encourage and support the expansion of workplace wellness programs among employers, including participation in Lighten Up Louisiana.
- Improve access to care by supporting the Health Works Commission and the Public Health and Health Care Task Force of the LRA in efforts to reduce the ongoing shortage of nursing and allied health professionals.
- Support rural health care access improvements through the expansion of rural health clinic and federally qualified health center networks and physician recruitment and retention incentives.
- Leverage the resources of the Delta Regional Authority to develop the rural health care infrastructure.
- Improve health care providers' responsibility for health literacy by supporting the health literacy training proposal of the Louisiana Interagency Task Force on Health Literacy, which advocates training medical professionals on ways to improve patients' ability to self-medicate, recognize adverse treatment reactions, etc.

E. Research & Commercialization:

Research and development (R&D) and commercialization of the products or processes developed are key to the growth of knowledge-based businesses. R&D is conducted by universities, federal laboratories, and by private companies.

Between 1972 and 2000, Louisiana's percentage of university-performed R&D increased slightly; however, the state's percentage of privately performed R&D decreased dramatically. Universities can play an important role, but private sector research is closer to commercialization and critically important. In an attempt to increase private sector research, Louisiana recently passed one of the best R&D tax credits in the country, and the Council will monitor its impact over time. In addition, there are other programs, including one recommended in this report, that can benefit both companies and university research.

Today, universities play an important role in economic development. Technology-intensive industries require highly trained employees, seek expertise that can be provided by university faculty and staff, seek access to specialized equipment not otherwise available to them, and may seek to license technology developed at universities. Studies show that many companies seek to locate near a university.

However, proximity to a university is only an advantage if the university is user friendly – that is, if it is easily accessible to companies and their employees. The University Technology Transfer recommendation included in this section is intended to make it easier for companies and their employees to access technology, people (expertise), and equipment at Louisiana's universities.

To make the knowledge-based economy an economic driver in Louisiana, which is more important today (since the storms) than ever, the state must increase the amount of private sector research and joint university/industry research in the state, and improve university technology transfer. The following recommendations focus on mechanisms and infrastructure to build Louisiana's knowledge economy.

15. University and Private Sector Research Capacity

Develop the funding and infrastructure to increase university and private sector research capacity to advance Louisiana.

- Develop a plan for a partnership of business, research universities, and state government to invest in promising areas for research and development.
 - Select a few promising areas for research and development, with assistance from a firm that can provide objective expertise needed.
 - Invest in top researchers with an interest in having the research commercialized.

- Provide these researchers with core resources, from research centers to specialized laboratories and equipment, needed to conduct outstanding research.
 - Provide incubators and commercialization assistance needed to support the movement of technologies developed by these researchers to companies.
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16. Research & Commercialization Infrastructure

Fund infrastructure needed for technology-based economic development

- Maintain operational funding for the Louisiana Immersion Technology Enterprise (LITE).
 - Maintain capital funding for the New Orleans life sciences incubator and support the startup operations of the life sciences incubators in Shreveport and Baton Rouge, including additional funding for basic laboratory equipment.
 - Expand the Louisiana Optical Network Initiative (LONI) to all research universities.
 - Encourage private sector use of LONI through partnering with universities.
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17. Facilitate University Technology Transfer

Create, through legislation, a review board to hear appeals from companies regarding university technology transfer issues and problems arising at state universities.

- Develop legislation that requires the Board of Regents to set up this board and outlines membership.
 - Support and fund multi-institutional and cross-system collaborations for research and development and commercialization.
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F. Restoration & Capacity Building

Establishing the environment and conditions necessary for economic growth, particularly for technology-intensive companies, is critical for Louisiana's economy – for recovery, rebuilding, and growth. The *Action Plan 2006* recommendations in this category focus on restoration of Louisiana's economy and building capacity for growth and development in Louisiana, with a goal of higher wages and increased incomes and wealth for Louisiana citizens.

18. Adequate Funding for Louisiana Economic Development

Fund LED's request for matching marketing funds for regional marketing.

- Fund LED's request for a \$6 million matching marketing fund for regional marketing.
- Fully fund LED to allow the agency to support recovery and rebuilding of the areas impacted by the storms while continuing to support growth and development in the parishes less impacted by the storms.
- Reinstate funding to regional economic development organizations that serve as a network delivery system for LED program services that was cut in response to budget cuts after the storms.

19. Community Development Block Grant Funds

Prioritize Community Development Block Grant investments in economic development to ensure short-term recovery and long-term rebuilding

- Short-term recovery
 - Develop and fund programs to provide loans to businesses, including tourism-related businesses and small-, minority-, and women-owned businesses, and including but not limited to those that do not qualify for bank and Small Business Administration loans.
 - Develop and fund programs to provide technical assistance to small businesses, particularly those impacted by the hurricanes.
 - Develop and fund a program to support entrepreneurship assistance and training.
 - Develop and fund programs to train workers for jobs available today and expected in the near future.
 - Provide funds for a marketing and public relations campaign for economic development and tourism.
- Long-term rebuilding
 - Develop and fund a program to build university and private sector research capacity by investing heavily in selected promising areas for research and

development by hiring top, entrepreneurial researchers and providing core resources needed for their work and technology commercialization.

- Support venture capital co-investments.

20. Housing

Increase the supply of quality housing and quality communities.

- Provide a mechanism for ongoing funding of the Louisiana Housing Trust Fund
- Pass legislation to expedite the processes for moving blighted and abandoned properties back into commerce
- Adopt a State Growth Management Act to guide growth according to smart growth principles.

21. Rural & Community Economic Development

Develop a comprehensive strategy for rural and community economic development.

- Create a working group that includes representatives of the Governor's Office, Louisiana Economic Development, other appropriate state agencies, the LSU AgCenter, Southern University Ag Center, local and regional economic development practitioners, and representatives of rural areas and small communities.
- Identify promising practices in rural and community economic development as well as structures to facilitate implementation.
- Identify components that need to be addressed in Louisiana's strategic plan for rural and community development.
- Identify structures and assistance needed for communities to apply for and obtain federal grant funds.
- Assess regional economic development strategies and how they can support rural areas.
- Develop a scope of work, determine funding needs, and identify possible sources of funds.

22. Statewide Broadband Internet Backbone

Expand access to broadband Internet connectivity throughout the state.

- Staff the Broadband Advisory Council with resources to succeed or relocate it to an agency with staff.
- Have the state CIO investigate how the state can leverage the large investments the state makes in voice, video, and data to drive broadband availability in less served areas.
- Promote competition in meshed network technology statewide to provide disaster proof communications to government and business.

- Update the existing Broadband Advisory Council recommendations, using them to develop a plan to encourage the fullest use of broadband services by Louisiana citizens, with special emphasis on rural and underserved areas.
 - Submit the strategic plan to the Governor and Commissioner of Administration prior to the beginning of the 2007 Regular Session of the Legislature.
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23. Entrepreneurial Support and Training

Develop a master plan for entrepreneurship support and education to build capacity throughout Louisiana, with LED serving as a networking hub.

- Support the efforts of Louisiana Economic Development to formalize the organizational structure of its small business development programs that can:
 - Analyze the state's entrepreneur and small business development and outreach programs for effectiveness.
 - Unite the state's entrepreneurship support organizations into a partnership that acts as a regional and statewide pipeline designed to meet the needs of Louisiana entrepreneurs.
 - Use the Small Business Entrepreneurship Commission appointed by Governor Blanco in the planning and implementation efforts.
 - Develop a pilot program in one or more of the hurricane-impacted regions, and actively solicit CDBG or foundation funding for the project.
 - Increase funding to increase capacity and capabilities of the Small Business Development Centers (SBDCs) and the Small and Emerging Business Development Program.
 - Investigate best practices for entrepreneurial education programs, including the use of Workforce Investment Act funds, and fund example programs.
 - Expand business development programs that encourage the growth of small, minority, and women-owned businesses and businesses.
 - Fund a network of regional Microenterprise Development (MED) organizations to provide entrepreneurial and economic literacy training, mentoring, and financial counseling to help low- and moderate-income individuals interested in starting or stabilizing a business create wealth through self-employment.
 - Provide funding for micro loans to those businesses and for specialized training and technical assistance throughout the life of the client's loan (if applicable), and beyond, to address specific problems including legal issues, accounting, accessing markets and expansion.
 - Provide funding for the Small & Emerging Business Development Program to support the Microenterprise Development Program.

- Investigate and make recommendations on the implementation of the Small Business Administration's historically underutilized business zone - "HUBZone" program in Louisiana:
 - Evaluate the HUBZone programs in other states
 - Recommend a plan of action to the Louisiana Economic Development Council
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24. International Markets

Support and fund activities to increase new foreign direct investment and increase Louisiana companies' exports to foreign markets.

- Budget funds to market the state internationally & increase exports by Louisiana companies.
 - Increase international representation in target markets.
 - Provide information and assistance to companies to help them increase exports.
 - Inform companies of the funding and expertise available through the U.S. Export Assistance and Trade Adjustment Assistance programs.
 - Build educational relationships with schools that have an international focus.
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25. Transportation Hub

Position Louisiana as a globally competitive transportation hub.

- Pursue implementation of the Louisiana Statewide Transportation Plan to promote economic growth, improve competitiveness of Louisiana industries, capitalize on international trade opportunities, and enhance the quality of life.
 - Accelerate completion of projects included in the Transportation Infrastructure Model for Economic Development (TIMED).
 - Improve coordination among transportation agencies and authorities to facilitate the movement of people, goods and services on a multimodal transportation system.
 - Develop a comprehensive plan for the re-emergence of Louisiana as a maritime commerce load center (i.e., a dominant state in import/export).
 - Give priority in state expenditures to matching available federal construction funds before funding new initiatives.
 - Give emphasis to those projects within each Louisiana Statewide Transportation Plan priority grouping (i.e., Priority A, B, C, and D) for which local funding contributions are made available.
 - Adopt the recommendations of the Maritime Advisory Task Force.
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26. Coastal Protection and Restoration

Permanently obtain a share of the federal revenue generated from mineral production from water bottoms off the Louisiana shore.

- Support efforts to pass federal legislation to obtain a 50 percent share of the federal revenue generated from mineral production from water bottoms beyond the 3-mile state boundary.
 - Use these federal funds to protect our coastal communities, industries, and resources through the construction of new levees and the strengthening and improvement of existing levees, through the restoration of wetlands and barrier islands, and through other protection and restoration measures.
 - Support the Coastal Protection and Restoration Authority's comprehensive planning efforts.
 - Support the Coast 2050 plan and the America's Wetland Campaign in its efforts to make America aware of our problem and proposed solution.
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27. Energy Summit

Plan and hold an Energy Summit to investigate energy industry issues, workforce and other needs, and research interests.

- Include activities/presentations/focus groups to:
 - Identify barriers for needed energy infrastructure, and develop proposals for eliminating these barriers.
 - Investigate needs of the LNG industry.
 - Assess and facilitate the development of natural gas buying pools to stabilize industry costs.
 - Gather information on energy research that is of interest and relevance to Louisiana industries, universities and the state, including but not limited to alternative fuels including the use of biomass, cogeneration, hydrogen-fuel, improved efficiencies, and improved oil and gas production technologies both onshore and offshore.
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28. Tourism

Rebuild Louisiana to worldwide preeminence as a top tourist destination

- Acquire supplemental funding for an immediate and aggressive public relations and advertising to re-image Louisiana among national and international visitors and promote areas open to tourists.
 - Provide assistance to tourism-related businesses.
 - Rebuild infrastructure that impacts tourism.
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29. Cultural Economy

Make Louisiana's cultural economy an engine of economic and social rebirth

- Rebuild and sustain authentic Louisiana culture.
 - Expand distribution and markets for Louisiana cultural products.
 - Enhance the production capacity.
 - Foster a support system that encourages accountability and public trust.
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30. Plant and Animal Biotechnology

Explore emerging technologies associated with bio-fuels (converting biomass into liquid fuels for transportation), bio-products (converting biomass into chemicals for making products typically made from petroleum), and genetically modified plants and animals that can yield better foods and drugs.

- Continue to explore new market and technology development opportunities for bio-based fuels, power, and other products, with the Renewables Council of Louisiana (RCL) fostering agency and private sector dialogue.
 - Support all opportunities critical to bringing commercial entities into full utilization of the statewide life sciences incubator network.
 - Support the commercialization process for new products emerging from the process of bio-technology research and development.
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31. Sustainable Fisheries

Rebuild Louisiana's coastal commercial and recreational fishing industries.

- Reestablish fisheries infrastructure.
- Provide financial assistance to fishermen through recovery loan program designed for their needs and abilities.
- Expand waterway debris removal to provide access to fishing grounds.
- Provide housing assistance for fishing industry with homes in high-risk areas.